2004 in Review

Kansas agriculture faced a number of challenges in 2004, from the detection of a single case of bovine spongiform encephalopathy to the discovery of Asian soybean rust in nine states. Both have the potential to adversely impact the economic vitality of Kansas agriculture, but we are working to minimize those possibilities.

2004 also was a year for making great strides. The Governor's Rural Life Task Force continued its work to examine ways to preserve, renew and sustain the value of rural Kansas in the economic and cultural life of Kansas, and we can report several successful initiatives as a result of their recommendations.

Finally, 2004 was a year of change. The Kansas Department of Agriculture assumed responsibility for most state-level food safety functions during the latter part of the year, and we are well on our way to establishing ourselves as effective, efficient and equitable administrators of food safety laws and regulations.

Food Safety

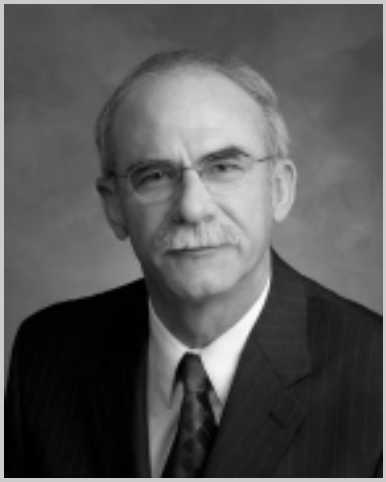
On January 14, Governor Kathleen Sebelius issued Executive Reorganization Order 32 transferring certain food safety responsibilities from the Kansas Department of Health and Environment to the Kansas Department of Agriculture effective October 1, 2004. The Kansas Legislature followed the governor's ERO with Senate Bill 296, which provided changes in statute to reflect the change in responsibilities.

Before the Executive Reorganization Order, the Kansas Department of Agriculture guaranteed public safety by regulating the production and sale of meat, poultry, dairy products, eggs, agricultural seeds and feeding stuffs. Our new responsibilities include licensing and inspecting grocery stores, restaurants in grocery stores, food processors and manufacturers, food wholesalers and warehouses, convenience stores, farmers' markets, mobile ice cream vendors, and food vending machine companies and dealers. Also, we will work with KDHE's epidemiologist to investigate foodborne illnesses that may be traceable to a facility we inspect.

Although many food safety functions transferred to the Kansas Department of Agriculture, the Kansas Department of Health and Environment will continue to inspect restaurants, school food service operations, senior meal sites, mobile food units and all lodging facilities.

For much of the year, we planned how we would smoothly transition these new duties to our department. We worked with KDHE to transfer existing records from their database to one we will use to manage compliance and licensing data. We created new licensing and inspection forms, and we are working with KDHE to update the Kansas Food Code.

Last year, the Legislature required that we create a statistically based random selection of at least 1,000 retail food stores to inspect and evaluate as a transferred program baseline. We are to report to the



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Legislature by February 1 the status of our baseline inspection program using 359 randomly selected retail food stores. Inspections are well under way toward achieving this goal.

Bovine Spongiform Encephalopathy

On December 23, 2003, USDA announced that bovine spongiform encephalopathy, or BSE, had been detected in a 6 ½-year-old Holstein cow in Mabton, Washington. Officials determined that the animal was imported from Canada and that it likely contracted the BSE agent before it entered the United States.

Late in 2003, USDA announced new initiatives to strengthen protections against BSE, many of which did not impact the Kansas Department of Agriculture. However, those that related to meat slaughter and processing, including a ban on nonambulatory animals, were immediately implemented by our Meat and Poultry Inspection program.

Many of our international customers halted beef imports after USDA's announcement. One of them, Japan, has a history of marketing Kansas beef as a brand that is synonymous with high quality. In 2003, they imported $175.1 million worth of our beef products. To help restore this important market, I traveled to Japan with Governor Kathleen Sebelius in September. While there, we met with retailers and trade officials to discuss how we could expedite resumed trade.

It was very clear that Japanese consumers want to know where their food comes from. In supermarkets, food items are identified with specific farms and farmers. Ultimately, in their framework agreement to resume beef imports from the United States, Japanese officials said they wanted beef from animals 20 months or younger whose age could be verified through production records.

Governor Sebelius and I have worked with stakeholders to identify what we can do to help our beef producers and processors get back into the Japanese market. Much of the discussion has focused on animal identification. USDA has already announced a mandate to establish an animal identification system to enhance the speed and accuracy of response to animal disease outbreaks across many animal species. The Kansas Animal Health Department was able to secure a USDA grant for a premises identification pilot project.

To meet Japan's request for age verification through live animal production records, USDA's Agricultural Marketing Service is launching a beef export verification program for exports to that country. It requires individual age verification, group age verification, insemination age verification, or USDA process-verified animal identification and data collection services.

While USDA has two systems that could be useful to meeting Japan's requests, the two USDA programs administering them don't appear to be communicating with each other. This was an important point made by stakeholders in a meeting in early December 2004.

Several issues were discussed by that group, and consensus was reached on certain action items:

- Support increased communication within USDA regarding animal identification. USDA marketing and regulatory programs – Agricultural Marketing Service, Food Safety and Inspection Service, Animal and Plant Health Inspection Service – should communicate with one another and, ideally, work together to develop a seamless animal identification system that meets both animal health and marketing needs.

- Support USDA's legislation to protect producer information and confidentiality related to premises and animal identification.

- Make funding for Kansas' premises identification program through the Kansas Animal Health Department a priority.

- Support legislation to remove the sunset clause of the enabling legislation for Kansas' premises identification program.

- Education is essential to foster acceptance of premises and animal identification. Since premises identification is the foundation for animal identification, we must promote it.

Although domestic demand for beef has remained steady, we must continue to focus on the future viability of our beef industry and take actions that will ensure our presence in overseas markets. I've commissioned a study by Kansas State University economists to document the effects BSE has had on Kansas beef producers through lost export markets and changes in beef production and processing. Findings from that study could help us identify other actions we can take to minimize long-term economic impacts on the Kansas beef industry.

Asian Soybean Rust

In early November, USDA announced that Asian soybean rust was found in soybean plots associated with a Louisiana State University research farm. The disease was subsequently found in Alabama, Arkansas, Florida, Georgia, Mississippi, Missouri, South Carolina and Tennessee.

Soybean rust can be caused by two fungal species. The Asian species, *Phakopsora pachyrhizi*, is more aggressive and causes more damage to soybean plants. USDA said the discovery likely won't impact soybean exports, since most exporting countries with which American farmers compete already have the disease. A USDA economist did say that treatments to control the disease could increase soybean production costs by up to $25 an acre. Fungicide treatments can help manage the disease and reduce yield losses, which can range from 10 percent to 80 percent, depending on the severity of the infection.

Asian soybean rust is readily spread by wind, so its management hinges on early detection and judicious use of fungicides. We asked EPA

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to approve registering certain fungicides for use in Kansas, and in September they approved five products. Also, our Plant Protection and Weed Control program monitored soybean crops in 12 Kansas counties last year, and they will increase their monitoring in 2005. We also expect to participate in a national soybean rust detection survey in partnership with USDA's Animal and Plant Health Inspection Service.

Managing Asian soybean rust is contingent on early detection and treatment. We are encouraging producers to become familiar with the disease's symptoms, to monitor for its presence in their fields and to be prepared to treat it quickly. Last year, Kansas ranked 11th nationwide in soybean production with a crop valued at $433.5 million.

Legislative Post Audit and Grain Warehouse Inspection

The Legislative Division of Post Audit completed a review of the Grain Warehouse Inspection program in August 2004. Essentially, the audit showed that the Kansas program, though beset with funding difficulties, has kept our state's farmers relatively well-protected when warehouses failed. It also said the program should be doing more to protect grain quality in addition to grain quantity. We will seek to amend the statute to clarify our authority in quality inspections. We told this to the post audit committee in testimony last August, when we also explained the program's funding challenges.

Since the program was transferred to the Department of Agriculture in 1997, it has been drawing down reserve funds that were transferred with it. Knowing that our expenditures are consistently higher than revenues from fees prompted us to initiate discussions with program stakeholders, look at internal efficiencies and seek other sources of revenue. In January 2004, program fees were increased to the maximum allowed under current law for all but the smaller grain elevators.

A particular item of discussion during the audit was our agreement with Legislative Post Audit that there should be an effective way to monitor grain quality problems during the examination process at licensed facilities, and our disagreement with them about whether appropriate statutory language currently exists in the Grain Warehouse Act.

We believe the question of authority should be dealt with through a change to the statute that would provide the grain examiner with clear authority to obtain representative samples whenever suspicions of grain quality problems arise during an inspection, and the authority to assess those samples. The statute should then provide clear authority for the secretary of agriculture to require the warehouse to have suspect grain thoroughly sampled and graded by the Kansas Grain Inspection Service with results reported to the secretary. If the facility does not comply with the required sampling, the secretary should have the authority to order it done at the facility's expense. This will be a legislative initiative and priority for the department in the 2005 legislative session.

Governor's Rural Life Task Force

Last year, Governor Sebelius appointed 43 Kansans to serve on the Rural Life Task Force. She asked them to examine ways to preserve, renew and sustain the value of rural Kansas in the economic and cultural life of Kansas. During the past year they have completed stories of the past, present and future of rural Kansas. Their stories focused on energy, infrastructure, health, human services, agriculture, diversified economy, government and community empowerment. Each team forwarded some priorities for action to the governor. A few of those priorities and their status are:

- *Pursue liability legislation related to agricultural tourism*. SB 334 was enacted into law in 2004. It provided a tax credit to help agritourism operators obtain liability insurance. Further activities in support of agritourism have included hiring a nationally known agritourism consultant, appointing a statewide agritourism council, publishing an agritourism guide and sponsoring a highly successful statewide agritourism conference.

- *Scrutinize the distribution of EDIF money throughout the state because of a common belief that it is not being returned to rural areas on an equitable basis.* Research was conducted, and actually determined that rural areas are treated equitably as EDIF monies are distributed. In fiscal year 2004, 74 percent of EDIF funds were received by rural communities and agricultural businesses.

- *Support an energy plan for Kansas.* Governor Sebelius issued Executive Order 04-05 in 2004. It created the Kansas Energy Council, a group with a broad-based membership charged to help more effectively address energy policy and planning in Kansas. KEC recently published the Kansas Energy Plan—2004. Among its recommendations are: to authorize the Kansas Development Finance Authority to offer revenue or municipal bonds to finance Kansas energy projects; to adopt language clarifying that negotiations and discussions between wind energy developers and local governments regarding voluntary payments for wind projects are legal; and remove mandatory labeling for 10 percent ethanol mixtures at the gas pump.

- *Explore and encourage the development of financial resources for economic development in rural areas*. A number of actions have been taken as a result of task force suggestions and the regional Prosperity Summits. These include the creation of a Center for Entrepreneurship, the development of a single, statewide, comprehensive economic development resource website and toll-free number, the creation of a Kansas Rural Entrepreneurship Committee, and the development of a Rural Business Development Tax Credit program in the seven economic development regions.

I will continue to work with the governor and the Rural Life Task Force to advance the opportunities they've identified as essential to the health and well-being of our rural communities and their economies.

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Specialty Crop Block Grant

Congress passed and President George W. Bush signed H.R. 3242, which provides grants to states to help produce and market specialty crops. Kansas will get a base grant of $100,000 plus an amount equal to the value of our specialty crops, which are crops that do not make producers eligible for crop payments (wheat, corn, grain sorghum, soybeans). Grants will be made in federal fiscal years 2005 through 2009.

According to the bill, the Kansas Department of Agriculture will make a grant application to the USDA secretary of agriculture. The application will include a plan, an assurance of compliance with the plan and assurance the funds won't replace state funds. A yearly audit is also required.

When the first specialty crops block grant bill was passed in 2001, Kansas received a base grant of $500,000 and a $210,000 specialty crop grant. We worked with the Kansas Department of Commerce Agriculture Marketing Division, specialty crop stakeholders and legislative budget committees to determine the grant fund expenditure focus. Most of the money - 76 percent - went to grant projects focused on research and marketing. None of the money was used to replace state funding or to pay grant administration costs.

We will work closely with the governor's office and USDA to secure Kansas' share of specialty crop block grant funding.

Grape and Wine Industry Advisory Council

In July I announced the formation of the Kansas Grape and Wine Industry Advisory Council to advise me on marketing, regulatory, research and legislative issues important to the industry. I was authorized to form the council by a 1994 statute and to appoint members to two-year terms.

To represent the wine industry, I appointed Greg Shipe, owner of Davenport Winery near Lawrence, and Norm Jennings, owner of Smoky Hill Winery, Salina. To represent commercial grape growers, I appointed Janet Forge, owner of Prairie Ridge Vineyard, St. George, and Dan Ward, owner of Slough Creek Vineyard near Oskaloosa.

I also appointed Kim Heck, Lawrence; Sorkel Kadir, assistant professor of horticulture at Kansas State University; Tom Groneman, director of the Kansas Department of Revenue's alcoholic beverage control investigation and inspection unit; and Tuck Duncan, a lobbyist for the retail and liquor and wine distribution industry.

Kansas currently has more than 30 vineyards with more than 100 acres devoted to grape growing. In 2003, Kansas vintners produced 49,000 gallons of wine, an amount equal to a little less than 1 percent of all wine consumed in Kansas. Before prohibition, Kansas and Missouri together produced 86 percent of all wine consumed in the United States.

Among items discussed during the council's three meetings were promotional events, needed state and federal legislation and our department's efforts to protect grapes and other sensitive crops from inadvertent damage by pesticides.

Homeland Security

We continue to work with our state and federal partners to prevent and plan a response to intentional or accidental acts that could contaminate or destroy animals, agricultural products or food supplies. We have made great strides by opening channels of communication with both state and federal agencies, establishing cooperative partnerships and developing plans.

In fiscal year 2005, we will receive our first grant dedicated to homeland security activities. We will receive $370,000 from the Office of Domestic Preparedness through the Kansas Highway Patrol. We plan to use $200,000 to begin identifying vulnerabilities in the food production chain, from the field to processing to the point of consumption. The remaining $170,000 will be used for equipment enhancements that will help us respond to an agroterrorism event. The vulnerability study likely will require additional funding to complete, which we will seek through other grant opportunities.

We also have been working with eight other states in a multistate partnership for agriculture and food security. The purpose of the partnership is to cooperatively deal with issues related to security and to develop solutions. The partnership received funding from the Department of Homeland Security for two projects. One is to develop risk communication materials for use at all levels of the agriculture and food industry in all states. The second is to develop emergency response materials and enter cooperative arrangements to best use our states' respective resources.

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Agency Overview

The Kansas Department of Agriculture budget for fiscal year 2004 was $20,710,086. 47 percent came from the state general fund and 53 percent came from fees, grants and federal funds.

The Kansas Department of Agriculture had 296.5 full-time and 16.5 unclassified, temporary employees in fiscal year 2004.

Agency Mission and Secretary's Role

The Kansas Department of Agriculture is a regulatory agency that serves all Kansans. It is charged by law to ensure: a safe food supply; responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; integrity of weighing and measuring devices in commerce; and, that the state's waters are put to beneficial use.

The strong foundation provided by the agency's regulatory programs allows the secretary of agriculture to effectively advocate and educate on behalf of Kansas agriculture.

Food Safety and Consumer Protection Programs

Governor Kathleen Sebelius issued Executive Reorganization Order 32 transferring certain food safety responsibilities from the Kansas Department of Health and Environment to the Kansas Department of Agriculture effective October 1, 2004. The Kansas Legislature followed the governor's ERO with Senate Bill 296, which provided changes in statute to reflect the change in responsibilities.

Before the Executive Reorganization Order, the Kansas Department of Agriculture guaranteed public safety by regulating the production and sale of meat, poultry, dairy products, eggs, agricultural seeds and feeding stuffs. Our new responsibilities include licensing and inspecting grocery stores, restaurants in grocery stores, food processors and manufacturers, food wholesalers and warehouses, convenience stores, farmers' markets, mobile ice cream vendors, and food vending machine companies and dealers.

Although many food safety functions transferred to the Kansas Department of Agriculture, the Kansas Department of Health and Environment will continue to inspect restaurants, school food service operations, senior meal sites, mobile food units and all lodging facilities.

Many of our department's new inspection duties fit well in our existing food safety programs. Where possible, we assigned new responsibilities to established programs to use available staff more efficiently. The remaining we addressed with a new addition to our food safety program lineup.

The **Retail Food Inspection** program is new. It is responsible for food safety inspections at grocery stores, restaurants in grocery stores, convenience stores, food wholesalers and warehouses, food processors and food manufacturers.

The **Agricultural Commodities Assurance Program** is responsible for food safety inspections involving eggs. ACAP also contributes to food safety by verifying that inputs to agriculture are safe, quality products that are not misrepresented to their consumers. These

products include: seeds, which must meet label guarantees and contain no noxious or restricted weed seeds exceeding the quantity allowed; commercial feeding stuffs, including pet foods, which are analyzed and registered to prevent contaminants and adulterants from entering the human and animal food chain; eggs, which are regulated to ensure safe and properly identified products for human consumption; FDA medicated feeds, which are monitored for good manufacturing practices and compliance at feed mills to prevent adulterated, misbranded or unhealthy animal feeds from entering the human food chain; and, FDA tissue residue tests, which are performed on beef and pork products when cases of misuse of federally regulated livestock medications are reported.

The **Meat and Poultry Inspection** program licenses and inspects meat and poultry plants in a manner that is "equal to" federal inspection. It also responds to consumer food safety concerns involving meat or poultry products.

The **Dairy Inspection** program conducts inspections, collects samples for analysis, and issues permits and licenses to ensure that milk and dairy products are produced, processed and distributed to reach consumers in a safe, wholesome and unadulterated form. To help us meet our new food safety responsibilities, they also inspect ice plants, and beer, wine and cider producers and bottlers.

The **Weights and Measures** program protects consumers by inspecting and certifying large and small scales, scanners and gasoline pumps, by testing fuel quality and by calibrating weights. They also are responsible for food safety inspections involving ice cream trucks and food-dispensing vending machines.

The **Grain Warehouse Inspection** program operates to ensure the quantity of all stored commodities to all producers of grain in Kansas, and to ensure that grain producers have solvent, licensed warehouses in which to store their grain. Staff examine licensed warehouses at least once a year as required by law, and examine warehouses that meet only minimum financial requirements more than once a year, to protect each warehouse's depositors of grain.

Environmental Protection Programs

These programs focus on protecting the health of the state's natural and cultivated plant resources, and the environment, through preventive actions and activities designed to ensure the safe and proper use of agricultural chemicals.

The **Plant Protection and Weed Control** program protects Kansas' natural and cultivated plants from introduction of foreign plant pests. It works with county noxious weed departments to help control or eradicate destructive weeds in Kansas.

The **Pesticide and Fertilizer** program protects the public's health by promoting the safe use of pesticides and fertilizers. Regulated under the Pesticide and Fertilizer program are: pesticides, by licensing and certifying pesticides and pesticide applicators; commercial fertilizer, by

ensuring fertilizer products are labeled accurately, and by allowing program staff to issue stop sale/stop use orders to prohibit further sale of a fertilizer, or further use of facilities or equipment used in the transport, handling, distribution, dispensing, selling, storage or disposal of fertilizer; soil amendments, for which proof of product efficacy must be provided before products are offered for sale; anhydrous ammonia, the sale of which is monitored, and the storage, handling and transportation of which is inspected, and which staff try to prevent and reduce the impact of accidental releases of anhydrous ammonia through a strong industry training program; and agricultural lime, compounds that contain calcium or magnesium for neutralizing soil, are monitored for effectiveness and accuracy in labeling.

The **Agricultural Laboratory** establishes, maintains and improves analytical laboratory services for the Meat and Poultry Inspection, Dairy Inspection, ACAP, and the Pesticide and Fertilizer programs. It ensures that submitted samples are subjected to the highest possible testing standards of accuracy and precision. This is done to protect the health and safety of Kansans and to facilitate accuracy in labeling of products offered for sale.

Water Resource Programs

The water resource programs provide a public safety function through inspection of water structures and management of the quantity of the state's scarce water resources.

The **Water Appropriation** program manages the state's water supplies through a system of permits, reviews and inspections. It issues water rights, maintains data about water usage and administers water rights during times of shortage.

The **Water Structures** program inspects and regulates the safety of dams that could, if they failed, endanger lives and property. The program also monitors activities affecting the flow of rivers and streams to ensure these activities are properly planned, constructed, operated and maintained.

The **Water Management Services** program administers the four interstate river compacts and the subbasin resource management plan, which is developed in conjunction with local agencies working toward a long-term, statewide water usage plan.

The **State Water Plan** program encompasses activities from other programs, including interstate water, and basin and floodplain management.

Administrative Services and Support

Under the direction of the secretary of agriculture, the administrative services and support section provides the general policy, outreach, coordination and management functions for the department. This includes the office of the secretary, central fiscal and records center, personnel, legal, automation and telecommunications, research, information and education.

Within the administrative services grouping is the statistical services and support program, also known as the Kansas Agricultural Statistics Service, a cooperative federal-state program involving the Kansas Department of Agriculture and the U.S. Department of Agriculture. Through KASS, data about the many segments of Kansas agriculture are collected, analyzed and disseminated.

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Agency Overview

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Food Safety and Consumer Protection Programs

The Retail Food Inspection program was added Oct. 1, 2004, after fiscal year 2004 ended. There is no budget information to report for fiscal year 2004

Food Safety

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Although many food safety functions transferred to the Kansas Department of Agriculture, the Kansas Department of Health and Environment will continue to inspect restaurants, school food service operations, senior meal sites, mobile food units and all lodging facilities.

Retail Food Inspection

The Kansas Department of Agriculture's retail food inspection duties began October 1, 2004. We are now responsible for registering and inspecting:

- grocery stores
- restaurants in grocery stores
- food processors and manufacturers
- convenience stores
- food wholesalers and warehouses
- mobile ice cream vendors
- food vending machine companies and dealers
- farmers' markets

The program provides routine food safety inspections, complaint investigations, prelicensing inspections and follow-up inspections, as well as foodborne illness investigations in cooperation with the Kansas Department of Health and Environment Bureau of Epidemiology and Disease Prevention.

During inspections, we identify whether there are critical deficiencies and require correction of those identified as high-risk factors in foodborne illnesses. Food suspected of being adulterated or unsafe for human consumption will be detained or embargoed. Since little authority exists for food processors, we are the process of adopting 21 CFR 110 (Current Good Manufacturing Practice in Manufacturing, Packing, or Holding Human Food) through the emergency regulation process.

We also have contracted with FDA to perform approximately 90 routine inspections of manufacturers during fiscal year 2005. In a

separate contract, we participated in an FDA security surveillance assignment involving an 10 additional manufacturers.

Included with the transfer of responsibilities were six FTE positions, three of which were filled, and equipment for the positions. A food safety director was appointed by the secretary and a retail food technical specialist was hired.

Approximately 5,499 establishments were transferred. Before the transfer, key staff met with stakeholder groups, including the Petroleum Marketers and Convenience Store Association of Kansas, Kansas Restaurant and Hospitality Association, Kansas Food Dealers Association, and Retail Grocers Association of Greater Kansas City.

We continue to work with KDHE to ensure a smooth transfer of authority and to update the Kansas Food Code by adopting FDA's 2001 Food Code.

Meat and Poultry Inspection

The Meat and Poultry Inspection program ensures the safety and wholesomeness of meat and poultry items produced by Kansas slaughter and processing plants that are not under federal inspection. Our mission is to detect, and eliminate from commerce, meat and poultry items that pose a health threat, are improperly labeled, or serve as a source of economic fraud to the consumer.

The program provides on-site inspection at slaughter and processing plants and out-of-plant enforcement through compliance officers who review products in commerce. Kansans who depend on the Meat and Poultry Inspection program include consumers who obtain meat and poultry products through commerce, plant owners who offer those products for sale, and livestock producers who market such Kansas-raised products.

The Kansas Meat and Poultry Inspection Act requires that all who are engaged in the business of slaughtering, processing, dressing, packing, manufacturing, distributing, brokering, wholesaling, or storing meat and poultry food products in Kansas be registered with, and in some cases pay a fee to, the Kansas Department of Agriculture. In fiscal year 2004, there were 365 such businesses registered.

The Meat and Poultry Inspection program has three objectives: food safety, consumer protection, and education and outreach. The food safety objective is accomplished by ensuring that only meat and poultry products that do not pose a food safety hazard are allowed to enter the human food supply. The consumer protection objective is achieved by inspecting meat and poultry products involved in intrastate commerce to ensure that they comply with established standards of identity and labeling, which minimizes the opportunity for product adulteration and economic fraud. The education and outreach objective is met by supplying Meat and Poultry Inspection personnel with educational meetings, continuing education exercises and training materials, and by helping owners and operators of state-inspected facilities understand and comply with state and federal laws and regulations.

The Meat and Poultry Inspection budget for fiscal year 2004 was $2,757,827. 49 percent came from the state general fund, 49 percent came from federal funds and 2 percent came from fees.

The program had 60.6 full-time employees in fiscal year 2004.

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Food Safety and Consumer Protection Programs

The Kansas program is modeled after the federal inspection program. In October 2003, a comprehensive federal review of the state's meat and poultry inspection program was conducted. The Kansas Meat and Poultry statutes and regulations, inspection methodologies, staffing, the program's compliance section, consumer protection regulations, civil rights requirements, and funding have all been classified as "equal to" their federal counterparts by USDA Food Safety and Inspection Service reviewers. USDA has modified its laboratory review criteria since the completion of the Kansas review, so the department's laboratory, which performs chemical and microbiological analyses, is awaiting a final "equal-to" determination, as are all laboratories from states with meat and poultry inspection programs.

Plant owners under state inspection face the same sanitation and facility standards as their federal competitors. However, they are not allowed to ship products across state lines. These plants provide a valuable service to Kansas' smaller communities, and they contribute to local economies by providing jobs and an outlet for livestock producers. The Kansas Department of Agriculture is an active supporter of federal legislation that would eliminate the ban on interstate shipment of state-inspected meat and poultry products.

USDA has issued new interim final rules outlining changes in beef slaughter regulations in response to the discovery of bovine spongiform encephalopathy, or BSE, in a cow in Washington state. These changes became effective on their publication in the Federal Register on January 12, 2004. The most significant change affecting Kansas beef producers and state-inspected beef slaughter and processing establishments was a prohibition against nonambulatory, disabled cattle being slaughtered for human food. The Kansas Department of Agriculture entered into a cooperative agreement with USDA to help collect and submit specimens during their enhanced surveillance initiative to identify the prevalence of BSE in the U.S. Our responsibility is to collect specimens from cattle condemned on antemortem inspection at state-inspected cattle slaughter operations.

The program remains active in foreign animal disease surveillance and bioterrorism preparedness in cooperation with the Kansas Animal Health Department and Kansas Emergency Management. To maintain current knowledge, our supervisory veterinarians and other supervisor personnel completed USDA-sponsored antiterrorism training and the program manager attended an agroterrorism train-the-trainer seminar.

Dairy Inspection

The Dairy Inspection program mission is twofold: to provide a statewide system of milk inspection and regulatory services that provide uniform inspections of permit and license holders; and to assure consumers safe, wholesome milk and dairy products by inspecting and/or sampling all areas of the dairy industry.

Dairy program activities are divided into the general subprograms of farm production, raw product transportation, milk processing, packaged product distribution, and wholesale and retail sale. These goals are

accomplished using sanitation inspections with supporting laboratory test results obtained from milk and dairy food samples.

As of October 30, the following were licensed or permitted in Kansas:

Dairy farms	488
Milk haulers	175
Milk tankers	126
Tanker wash stations	2
Dairy processing plants	12
Milk transfer stations	5
Single service manufacturers	8
Milk and dairy distributors	61

Kansas dairy farms are inspected at least four times a year. Inspectors look at the general sanitation and cleanliness of the milking barn, tank room and milking equipment. Actual milking practices are observed to ensure that a safe, wholesome raw product is being delivered to the pasteurization plants. Each farm bulk milk supply is sampled monthly to confirm that it complies with standards for temperature, bacterial limits, drug residue, somatic cell limits, pesticide residues and added water.

Dairy processing plants, and milk transfer/receiving stations, are inspected at least four times a year. Inspectors make sure they comply with cleaning and sanitation requirements. Pasteurization equipment is a primary focus of a plant inspection. Systems are tested quarterly to ensure that the raw milk is processed in a way that destroys all pathogens. Also, all products processed by the plant are sampled monthly to make sure they comply with standards for bacterial limits, drug residues, coliform bacteria limits, phosphatase testing and vitamin addition, and to make sure they are correctly labeled according to butterfat. Single-service dairy container manufacturers are also inspected. These facilities produce cartons, containers and closures for packaging dairy products.

Milk haulers in Kansas are licensed and evaluated on their ability to sample, collect and transport raw milk from the farm to the processing plant. New milk haulers must complete a training exercise and a written test before they are licensed by the Kansas Department of Agriculture. Licenses are renewed annually and refresher training is required every three years.

A portion of the food safety responsibilities that transferred to our department on October 1, 2004, involved "fluid type" food manufacturers, such as:

- bottled water
- soft drink/soda bottling
- ice plants
- breweries
- wineries
- juice operations
- cider mills.

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Food Safety and Consumer Protection Programs

The Dairy Inspection budget for fiscal year 2004 was $497,312. 32 percent came from the state general fund and 68 percent came from fees.

The program had nine full-time employees in fiscal year 2004.

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Food Safety and Consumer Protection Programs

These new food safety duties fit well within the Dairy Inspection program and the expertise of our dairy inspectors.

In recent years, Kansas has been recognized as one of the top dairy growth states. The relatively dry climate in the southwest, the ability to obtain the desired quantity and quality of water and the abundant dairy feed supply has contributed to this growth. Total Kansas milk production in 2004 is expected to be more than 6 percent greater than that of 2003, following the same trend as the last several years. In anticipation of this growth the dairy inspection program has taken steps to position itself in the future:

- All inspectors have attended FDA basic dairy farm inspection courses.
- Four inspectors attended FDA milk plant inspection courses this year.
- Two inspectors attended milk pasteurization and testing training this year.

The inspector is the point of contact when dealing with the regulated industry. The department is taking steps to equip inspectors with the necessary tools to meet the regulatory and food safety needs of the job. Upgrades to field staff computers are currently under way, as is comprehensive computer training. This will improve the communication loop between the inspector, Records Center and the Agriculture Laboratory.

Agricultural Commodities Assurance Program

The Agricultural Commodities Assurance Program budget for fiscal year 2004 was $390,419. 98 percent came from fees and 2 percent came from federal funds.

The program had eight full-time employees in fiscal year 2004.

The Agricultural Commodities Assurance Program regulates the quality of eggs, feed, pet food and seed. Inspectors routinely visit supermarkets, feed mills, pet stores, and other retail and wholesale outlets, to verify that products are properly labeled and to collect samples to send to our Agricultural Laboratory for analysis. These inspections ensure that food products consumed by the public are safe.

Last year, more than 140,000 eggs were inspected by ACAP staff. Inspections ensure that eggs are stored at 45 degrees Fahrenheit or lower, since storing them at a higher temperature may cause salmonella to grow, posing a human health threat. During fiscal year 2004, egg compliance jumped to 85 percent, a 20 percent increase over fiscal year 2003. This percentage includes compliance with all requirements, not just temperature. Increased egg inspections will continue this fiscal year in an effort to further improve the compliance rate.

ACAP staff visit approximately 1,200 state and federally licensed feed mills to conduct good manufacturing practice inspections. Inspectors verify that these feed mills follow established good manufacturing practices to ensure that they produce feed that is safe and in compliance with state and federal rules.

During feed mill inspections, ACAP staff pay extra attention to materials that include bovine (cow) protein, since it has been identified as the vehicle responsible for spreading bovine spongiform encephalopathy, or BSE. Inspectors verify that any product containing bovine protein is labeled with a cautionary statement indicating that it must not be fed to cattle or other ruminants.

The compliance rate for feed samples checked for prohibited materials was 98 percent. This is a 3 percent increase over fiscal year 2003. This number includes feed not intended to be fed to ruminants. While this number is very high, it is not acceptable for this program. Because compliance is so important to human health and the livestock industry, our goal is to reach 100 percent compliance. When violations are reported by the Agricultural Laboratory, inspectors investigate to ensure that prohibited materials were not fed to cattle or other ruminants.

In July 2004, the Food and Drug Administration proposed changing its rules for animal feed in response to the discovery of a single case of BSE in a 6 ½-year-old Holstein cow in Washington state. The proposed changes would remove exemptions for certain animal byproducts and we are prepared to implement those changes when FDA finalizes its regulations.

ACAP also helps the federal government investigate tissue residue cases, where antibiotics and other drugs have been detected in animals destined for the human food supply. When a carcass is examined by a federal inspector, and antibiotic or other drug residue is found, ACAP investigates the cause and source of the problem. Last year, 17 tissue residue cases were referred to ACAP for investigation. We anticipate that number will go down some.

Typically, when drug residue is detected, the problem can be traced to a dairy producer or rancher who medicated a sick animal and did not wait long enough for the drugs to be expelled by the animal's body before marketing it. The ACAP inspector provides information regarding the importance of following label instructions and federal rules, and conveys the consequences of improperly medicating animals.

Most consumers look at nutrition labels on foods they consume. Some also look at the nutrition labels on their pet's food. ACAP inspectors make sure that the food we feed our pets contains what is identified on the product label.

Seed inspections are important to the agricultural industry and to consumers. Farmers use germination and purity guarantees to determine crop yield. If seed does not meet those guarantees, the crop will be less than expected and the farmer may suffer economically. Poor crop yields may ultimately raise the price of food for consumers.

At the end of fiscal year 2002, ACAP began outsourcing its seed analyses to a private seed laboratory. Outsourcing the seed laboratory work resulted in cost savings to ACAP, which allowed us to fund additional seed inspections and investigations. Seed compliance rates ran 62 percent in fiscal year 2004. This low number was largely due to a

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Food Safety and Consumer Protection Programs

The Weights and Measures budget for fiscal year 2004 was $1,464,027. 56 percent came from the state general fund and 44 percent came from fees.

The program had 21 full-time employees and one unclassified, temporary employee in fiscal year 2004.

change in inspection priorities. Prior to fiscal year 2004, inspectors sampled available seed without targeting any particular type. In fiscal year 2004, in an effort to be more effective, inspectors were directed to sample seeds with a poor compliance history, such as grass seed. We will continue to focus our resources on those seeds with a poor compliance history.

ACAP often has to shift emphasis due to changing marketplace conditions. For example, routine duties are often interrupted to investigate prohibited material violations and to help with Karnal bunt-related inspections. We anticipate similar changes in course in the future as we encounter unforeseen issues that affect food safety and consumer protection.

Weights and Measures

Ensuring accurate weights and measures are two of the oldest government functions. It is specifically mentioned in the Articles of Confederation and the United States Constitution. The global and United States economies depend on uniform standards of mass, volume and length. Thus, the Weights and Measures program serves a very important role in consumer protection and in facilitating trade.

Weights and Measures inspectors test all kinds of commercial weighing and measuring devices. They test scales used in grocery stores, grain elevators, livestock sale barns, pawn shops and other locations. They test gas pumps and meters used to sell chemicals or to sell propane to homeowners. They check packages containing edible and inedible products to ensure that the consumer receives the quantity stated on the label, and they even verify that scanners scan the correct price. Essentially, all consumer goods are subject, in one way or another, to the weights and measures law.

Functions of the Weights and Measures program fall into six categories:

- Small scales
- Scanners and packages
- Large scales
- Gas pumps and fuel quality
- Meters
- Metrology

The metrology function provides traceability services, both internally and externally. In addition to certifying the mass and volume standards for our own inspectors, the metrology function provides certification for service companies and industry.

Each year, the metrology program certifies approximately 10,000 standards. These standards include weights, test measures and provers. The certification provides traceability of those standards to those at the National Institute of Standards and Technology. Most of these standards are used to calibrate weighing and measuring devices, but a small portion are used by local industry in their quality control programs.

The metrology program participates in round-robin tests of standards and regional metrology meetings to ensure that the results of their laboratory are consistent with other metrology laboratories throughout the world. Because of the strict guidelines the metrology laboratories follow, one can be confident that a pound in New York is the same as a pound in Topeka and is the same as a pound in Los Angeles.

Kansas requires every commercial weighing or measuring device, excluding gas pumps, to be tested by a licensed service company each year. The Weights and Measures program licenses service companies and their technicians. These companies are authorized to repair, install and certify commercial weighing and measuring devices. Kansas is believed to be the only state that allows its service technicians to actually certify commercial weighing and measuring devices.

The Weights and Measures program provides oversight to these service companies and service technicians. Computer-generated lists of scales recently tested by service companies are provided to inspectors of large and small scales. The inspectors retest the devices and compare results to ensure that the device was properly tested. Commercial scales found not tested properly by the service company are required to be retested and the service company may be fined.

Compared to some other states, the number of devices tested by the Weights and Measures program is lower, but our compliance rate for accuracy of these devices tends to be higher. The goal of any weights and measures program should not be the number of devices tested, but ensuring accurate devices. Thus, focusing on outcomes and not outputs has served us well.

During the last fiscal year, the Weights and Measures program found that 91 percent of small scales in the state were accurate. This is in line with the previous fiscal year's rate. The compliance rate for large scales is lower; 75 percent. Traditionally, the focus has been on conducting a representative scale test to determine the compliance rate for the state. Since the compliance rate is known and is low, the program is now concentrating on problem scales and conducting more follow-up inspections. It is hoped that through these efforts the compliance rate for large scales will continue to improve. After this fiscal year, the program will again conduct tests based on a representative sample to determine if the compliance rate has improved.

Unlike small scales, which are used in a controlled environment, vehicle-tank meters and liquefied petroleum meters are used on the backs of trucks. They are subject to harsh environmental conditions (rain, snow, ice, heat, dust, vibration, etc.) and are harder to maintain in an accurate condition. As with large scales, emphasis is placed on follow-up inspections. Compliance rates improved in fiscal year 2002 and again in fiscal year 2003, but dropped a little in fiscal year 2004. The compliance rate for meters in fiscal year 2002 was 73 percent, 79 percent in fiscal year 2003, and 76 percent in fiscal year 2004. While this number may not appear high, it is an improvement over the compliance rate of 67 percent for fiscal year 2000.

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Food Safety and Consumer Protection Programs

Weights and Measures inspectors also conduct price verification inspections at facilities using scanners. The compliance rate for inspected facilities in fiscal year 2002 was only 49 percent. It was 55 percent in fiscal year 2003 and 63 percent in fiscal year 2004. This number is still low. However, it is moving in the right direction due to increased oversight. The compliance rate includes stores that undercharged as well as those that overcharged. In fact, the number of items for which stores undercharge is slightly greater than those for which they overcharge. The Weights and Measures program continues to prosecute serious repeat offenders While this has been effective at bringing those repeat offenders into compliance, the overall compliance rate has not improved as quickly as hoped.

Inspectors who conduct small scale and scanner inspections also verify the net contents of consumer packages. Last fiscal year, inspectors sampled lots containing more than 145,000 packages to ensure that they contained the correct net quantity. In other words, they made sure that the consumer was receiving the amount of product for which he or she had paid. In an effort to use resources effectively, inspectors target packages they suspect do not contain the correct net quantity and do not inspect packages that have a high probability of passing inspection. This is important to understand when looking at the compliance rate for packages. Only 57 percent of the packages passed inspection, but this does not mean that only 57 percent of the packages sold in the state are correct. One cannot draw any conclusions about all packages sold throughout the state. Inspectors conduct audit inspections (nonofficial inspections) that serve to screen packages and only inspect packages that are likely to be in violation. Consequently, compliance rates apply only to those packages actually inspected.

The gas pump program tests more than 20,000 gas pumps each year to ensure that the consumer is getting all the fuel for which he or she has paid. This program has been very successful since changes were made to it in 1996. Prior to 1996, service companies were responsible for the annual gas pump tests. An increase in the petroleum inspection fee fund allowed the Weights and Measures program to assume responsibility for testing gas pumps. While the compliance rate for gas pumps in fiscal year 1997 was only 88 percent, it improved to 95 percent in fiscal year 2001 and remained there through fiscal year 2003. In fiscal year 2004 the compliance rate again increased to 97 percent.

Gas pump inspectors randomly take fuel samples to send to a private laboratory for analysis. It can be said, based on the results of these inspections, that fuel quality in Kansas is excellent. Ninety-seven percent of the fuel samples this year passed the quality testing performed by the laboratory. The lowest compliance rate in the last four years was 97 percent.

Equipment for a new program, wholesale meter testing, was acquired in fiscal year 2002 and put into service in fiscal year 2003. This year we tested 98 wholesale meters used to sell gasoline and diesel fuel. The compliance rate was 71 percent, which is a drop from fiscal year 2003.

The Weights and Measures program will continue to inspect weighing and measuring devices in an effort to protect consumers and to provide equity in the marketplace. Shifting resources based on compliance rates of the various weighing and measuring devices and changing test methods will continue as a way to improve compliance rates without increasing staff size or program cost.

Grain Warehouse Inspection

The Grain Warehouse Inspection program administers and enforces the Kansas Public Warehouse Law relating to grain storage. It requires that any entity that stores grain for the public be licensed. It ensures that Kansas grain producers have safe, solvent warehouses where they may store their commodities. To achieve this, the program examines state-licensed facilities at least once each year. More examinations are made on licensed facilities that meet only the minimum financial requirements.

During fiscal year 2004, the Grain Warehouse Inspection program had 146 licensed elevators and 274 additional locations. The program performed 195 random examinations on the 146 licensed facilities. Facilities meeting only the minimum financial requirements, or facilities with serious compliance problems, were examined more than once during the year.

Examinations help:

- Reduce fraud in the grain industry.
- Ensure the quantity of stored commodities in Kansas-licensed warehouses.
- Achieve our goal of maintaining the percentage of loss to producers at zero.

The number of state-licensed elevators continues to decline. However, the total number of licensed locations remains fairly constant. The decline in state-licensed facilities can be attributed to grain companies merging, being sold to another federally licensed or state-licensed facility, or elevators going out of business. When elevators merge, it is to reduce operating costs and to increase productivity.

A licensed elevator, with the approval of the Grain Warehouse program, may move warehouse-receipted grain to another licensed, bonded terminal elevator. This allows smaller facilities to free up bin space for the next harvest. Also, with approval from the program, licensed facilities may use emergency or conditional storage space during harvest when storage space is in short supply. This allows the elevator to better serve Kansas crop producers.

Since the program was transferred to the Department of Agriculture in 1997, it has been drawing down reserve funds that were transferred with it. Knowing that our expenditures are consistently higher than revenues from fees prompted us to initiate discussions with program stakeholders, look at internal efficiencies and seek other sources of revenue. In January 2004, program fees were increased to the maximum allowed under current law for all but the smaller grain

The Grain Warehouse Inspection budget for fiscal year 2004 was $461,433. The program is entirely fee funded.

The program had eight full-time employees in fiscal year 2004.

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Food Safety and Consumer Protection Programs

elevators. Revenue options for this must be examined to ensure its long-term health.

Looking ahead, warehouses will be moving toward electronic receipts. USDA already has implemented electronic warehouse receipts in cotton, coffee and peanuts, and is considering their use for grains. To remain competitive, Kansas may need to update its laws and regulations to allow industry to use electronic receipts. Authorizing electronic receipts also should reduce the amount of time examiners spend on examinations and they may even help reduce fraud.

The Legislative Division of Post Audit completed a review of the Grain Warehouse Inspection program in August 2004. Essentially, the audit showed that the Kansas program, though beset with funding difficulties, has kept our state's farmers relatively well-protected when warehouses failed. It also said the program should be doing more to protect grain quality in addition to grain quantity. We will seek to amend the statute to clarify our authority in quality inspections. We told this to the post audit committee in testimony last August, when we also explained the program's funding challenges.

A particular item of discussion during the audit was our agreement with Legislative Post Audit that there should be an effective way to monitor grain quality problems during the examination process at licensed facilities, and our disagreement with them about whether appropriate statutory language currently exists in the Grain Warehouse Act.

We believe the question of authority should be dealt with through a change to the statute that would provide the grain examiner with clear authority to obtain representative samples whenever suspicions of grain quality problems arise during an inspection, and the authority to assess those samples. The statute should then provide clear authority for the secretary of agriculture to require the warehouse to have suspect grain thoroughly sampled and graded by the Kansas Grain Inspection Service with results reported to the secretary. If the facility does not comply with the required sampling, the secretary should have the authority to order it done at the facility's expense. This will be a legislative initiative and priority for the department in the 2005 legislative session.

Water Management Services

The Water Management Services' goals and responsibilities are to:

- Provide administrative and technical assistance to the three water resource program areas, including leadership, management and coordination from the chief engineer.
- Develop long-term water management programs to address interstate and intrastate issues.
- Provide staff management and training.
- Represent Kansas in interstate river basin compacts.
- Provide quality control of data in the Water Rights Information System and Water Structures Inventory.
- Develop and manage Geographic Information System resources.
- Review and approve water conservation plans.
- Coordinate program efforts with other water-related agencies.
- Conduct hydrological studies to provide information for regulatory decisions.
- Monitor stream flows and provide analysis to support minimum desirable streamflow administration.

Water Management Services provides technical and data support to the chief engineer and to all four water resource programs.

Kansas is party to four interstate river compacts: the Republican River Compact with Nebraska and Colorado; Kansas-Colorado Arkansas River Compact; the Kansas-Oklahoma Arkansas River Basin Compact; and the Big Blue River Compact with Nebraska.

The chief engineer is a member of each compact administration to ensure that Kansas' interests are represented. The chief engineer, or his designee, also represents Kansas on the Missouri River Basin Association and the Western States Water Council.

Water Management Services staff provide technical support and serve on various compact committees. This specifically includes activities related to compliance and enforcement, data acquisition and analysis, hydrological or groundwater modeling, and representing Kansas' interests at compact meetings.

Republican River Compact, Kansas v. Nebraska: On December 16, 2002, Kansas, Colorado and Nebraska announced a settlement had been reached. On June 30, 2003, Kansas, Colorado and Nebraska agreed on a groundwater model to quantify, by state, groundwater use impacts to streamflow for use in compact accounting procedures.

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Water Resource Programs

The Water Management Services budget for fiscal year 2004 was $850,611. 100 percent came from the state general fund.

The program had 14 full-time employees in fiscal year 2004.

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Water Resource Programs

Our Republican River Compact work for the coming year will continue to focus on implementing the settlement's provisions, including:

- annual exchange of extensive water use and other data;
- updating and running the groundwater model for 2004;
- fully implementing the new accounting procedures and computing the accounting values for 1995 through 2004;
- participating with the other states in the first year of a five-year study on the impact of conservation practices on the basin's water supply, which includes an update to our dam inventory, GIS activities related to basin terracing, and related field activities; and
- cooperating with the Bureau of Reclamation and state of Nebraska on a study of potential system improvements in the lower Republican River basin to improve use of the water supply.

In addition, we continue to monitor Nebraska and Colorado's compliance with settlement requirements through field work and data reviews and, working with our consultants, we are completing a number of enhancements to the Republican River groundwater model to facilitate our evaluation of our own future compliance with the settlement and that of the other states.

Arkansas River Compact, Kansas v. Colorado: Staff provided support to the litigation team to resolve issues remaining in the case. Our exceptions to the 2003 special master's report were argued before the U.S. Supreme Court in October, and the court issued its opinion December 7, 2004. The case now goes back to the special master to calculate final damagea and interest, to prepare the final court decree and to resolve issues related to future compliance with the compact in accordance with the court's decisions. Continued diligence to properly resolve the remaining issues is important to protect the successes achieved by Kansas thus far in this litigation.

Staff continue to provide technical support to help resolve ongoing concerns regarding John Martin Reservoir operations and fulfilling Kansas' duties to the compact administration. As the litigation nears an end, we are working to transfer expertise from our consultants to our staff, which is needed for ongoing implementation of the court's decisions and to monitor Colorado's compliance. This includes running the hydrologic-institutional model (HIM) and learning to evaluate changes in Colorado's water administration. Colorado has invested $750,000 in a study to change or adjust certain factors used in the hydrologic-institutional model used to determine compliance.

Activities planned for calendar year 2005 include:

- A proposed draft charter for a central Kansas water bank within the boundaries of Big Bend Groundwater Management District No.

5 is under review. Rules and regulations for water banks (K.A.R. 5-17-1 through 5-17-18) were promulgated by the chief engineer.

- Investigate several water right impairment complaints, and collect and analyze field data to develop sufficient hydrological analysis to support regulatory decisions.

- We held a hearing in late 2004 regarding the aquifer storage and recovery project proposed by the City of Wichita for its well field in the Equus Beds Aquifer. This is the first project of its kind in Kansas, and it involves some new and complex concepts that will be implemented in calendar year 2005. There is substantial public interest in this project.

- We will coordinate with the Kansas Water Office and the City of Hays regarding the city's water supply situation involving well fields in the Smoky Hill and Big Creek basins, Circle K Ranch (owned by the cities of Hays and Russell) and the potential use of Wilson Reservoir.

- We will coordinate with the Basin Team, Kansas Water Office, other members of the technical advisory committee, and DWR's peer review consultant to develop groundwater models in several hydrologic units within the state.

Water Appropriation

The Water Appropriation program is the largest and most diverse of the Water Resource Programs. It administers the provisions of the Kansas Water Appropriation Act; portions of the Kansas Groundwater Management District Act; portions of the State Water Plan Storage Act; and is involved in the Water Transfer Act.

The Kansas Water Appropriation Act provides the foundation for the acquisition and administration of water rights in the state. Primary functions are to:

- Process applications for a permit to appropriate water for beneficial use.

- Issue certificates of appropriation for beneficial use of water in accordance with actual use within the terms, conditions and limitations of the permit.

- Process applications for a change to an existing water right.

- Process water transfer applications.

- Maintain a reporting and accounting system of the amount of water used as reported by each water right holder.

- Process forfeitures of water rights (abandonment) for failure to use water without sufficient cause being shown for nonuse.

The Water Appropriation budget for fiscal year 2004 was $3,048,232. 79 percent came from the state general fund, 19 percent came from fees and 2 percent came from the State Water Plan, federal funds and grants.

The program had 55 full-time employees in fiscal year 2004.

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Water Resource Programs

- Allocate water during shortages, investigate impairment, waste, illegal wells, or water use in violation of water right terms, conditions or limitations.

- Review and approve proposed revisions to management programs of the groundwater management districts.

There are about 30,000 permits and water rights in the state that authorize the beneficial use of water. About 700 new permits and 800 change applications were processed between July 1, 2003, and June 30, 2004. Verified reports have been completed by the field offices for all of the 400 permits that had accumulated over the past 20 years that had not been certified. More than 125 hearings have been held or are scheduled to determine if they are abandoned. About 60 files remain that need to be certified or abandoned based on a hearing.

Emphasis is now on new permit applications that have accumulated during the last 20 years. The nearly 600 permit applications that were pending in February 2002 have been reduced to about 200. Permit processing is nearing real-time, as the remaining pending files are those that also have structures issues to resolve or are related to the Wichita aquifer recharge and recovery project that was the subject of a recent public hearing. Meeting the goal of real-time processing of permit applications will allow the division to concentrate on meeting the legislative mandate of completing the application processing within 150 days.

A project was initiated in 2001 to identify users who have pumped more water than their water right allows. Technical assistance is provided to these users to help them stay within their water right. If they persist in overpumping, an enforcement action may be taken to order them to stop pumping. The project initially focused on the Ogallala Aquifer and those who pumped large amounts in excess of their water rights. The project was extended to include areas beyond the Ogallala Aquifer. For the 2005 irrigation season, this project is expanded to include the entire state. In addition to those who pumped large quantities, a randomly selected number of those who reported any use over what was authorized were subject to a compliance investigation and possible enforcement action. Finally, some water rights were randomly selected for compliance checks regardless of the amount of use reported. In the past season, civil penalties were assessed for violations of minimum desirable streamflow agreements and some of those that have repeated overpumping violations.

Persistent dry climatic conditions in the Republican River system continue to cause flow to go below minimum desirable streamflow criteria. Water rights junior in priority to MDS have been required to limit diversions.

Meter orders will be sent to water right owners in the Solomon River basin and in the fringe areas of the Ogallala Aquifer in the upper Republican River system. Meter orders also will be sent to owners in Hodgeman and Ness counties within the Pawnee Buckner subbasin. Northwest Kansas Groundwater Management District No. 4 will require

meters within their boundaries. Each of these activities is part of the enhanced water management strategy described in the Kansas Water Plan.

Water is an essential public resource, and the Water Appropriation program is committed to ensuring that all Kansans will have an adequate supply of water for the future.

Water Structures

The Water Structures program is made up of four teams:

- Administration
- Stream obstructions and channel changes
- Dam safety
- Floodplain management

The program regulates human activities that affect the flow of rivers and streams, to ensure that those activities are properly planned, constructed, operated and maintained for their authorized purposes without adversely affecting public health, welfare or safety, the environment, or public and private property. Water resource regulation is accomplished primarily through permitting dams and other structures constructed in a stream or floodplain, or that alter the course, current or cross-section of a stream, and investigating complaints from the public about such structures.

The stream obstruction and channel change team processes permits for floodplain fill, levees, stream obstructions and channel changes. We continue to focus on reducing the length of time it takes to review permit applications, and we are making headway in most areas. Below is a summary of team activity in fiscal years 2003 and 2004, and our goals for 2005:

	FY2003 Actual	FY2004 Actual	FY2005 Goal
Processing time for regular permit applications (days)	166	188	140
Processing time for general permit applications (days)	63	55	45
Processing time for floodway fringe fill approvals (days)	90	157	90
Process stream obstruction permits	319	507	525
Process channel change permits	79	77	80
Process floodplain fill/levees	107	149	150
Permit determinations received	101	106	150
Permit determinations processed	153	105	150

The dam safety team is responsible for permitting dams above a certain size, and either inspecting or overseeing inspection of those structures. Dams in Kansas are assigned a hazard classification (a=low, b=significant, c=high) and categorized by size (one through four). Reviewing safety inspection reports is a new task brought about by

The Water Structures budget for fiscal year 2004 was $1,734,958. 34 percent came from the state general fund, 3 percent came from fees, 53 percent came from FEMA and 5 percent came from other miscellaneous sources.

The program had 14.5 full-time and 3.49 temporary employees in fiscal year 2004.

changes in statute in 2002. Rather than conduct most inspections of high- and significant-hazard dams, our primary responsibility is to review reports provided by dam owners' engineers. Dam safety team activities for fiscal years 2003 and 2004, and the goals for fiscal year 2005, are:

	FY2003 Actual	FY2004 Actual	FY2005 Goal
Number of new dams and modifications properly completed	36	37	75
Dam and dam modification permits processed	69	76	80
Number of core trench inspections	28	20	30
Number of pipe inspections	25	23	30
Number of final inspections	43	25	40
Number of site inspections	18	31	40
Number of unsafe dam inspections	4	2	6
Number of high-hazard dam inspections	0	3	10
Number of significant-hazard dam inspections	0	8	15
Number of safety inspection reports reviewed	2	57	170

The floodplain management team provides general technical assistance regarding floodplain management issues, overseeing floodplain mapping projects, and developing strategies for soliciting and utilizing federal grants and state resources to implement future floodplain mapping and studies in the state. The studies noted in the table below are funded by the Federal Emergency Management Agency's cooperative technical partnership program. The floodplain management team contracts with engineering firms to conduct these studies and manages the contracts to ensure FEMA's requirements are met in a timely manner. Floodplain management activities for fiscal years 2003 and 2004, and the goals for fiscal year 2005, are:

	FY2003 Actual	FY2004 Actual	FY2005 Goal
Communities with new or updated flood hazard maps	23	6	15
Studies initiated	4	8	10
Studies completed	1	3	5
Miles mapped in completed studies	100	300	1,000
Ordinances reviewed	12	11	10
Ordinances approved	8	11	10
Processing time for floodplain zoning ordinances (days)	90	25	25

The Water Structures program has been fairly successful recently in recruiting and retaining qualified technical staff. An additional engineer was hired in fiscal year 2003 using fee funds, which will allow us to

improve our review times, reduce the number of backlogged projects waiting for review, and address complaints in a timely manner. This position is located in the Stafford field office. Two temporary positions are being funded by the federal dam safety grant that was renewed by Congress last year. These positions enhance the dam safety program by improving public education and information efforts, and by investigating dams that currently are not permitted.

During the 2002 legislative session, a fee structure for applications was established in statute for the first time in the Water Structures program's history. Application processing fees are now required for most projects reviewed by the program. Fees vary according to the project's drainage area (for stream obstructions and channel changes) or its location in the floodplain (for levees and floodplain fill). In general, application fees double if construction begins before a permit is issued, which is an incentive to secure a permit before starting a project. Also, inspections of dams declared unsafe, and of high- and significant-hazard dams when the owner does not have the inspection done, are inspected by program staff with a fee assessed to the owner.

State Water Plan

The Subbasin Water Resource Management Program addresses water related issues identified and funded by the State Water Plan. Management strategies are developed in a proactive approach to address groundwater decline, streamflow depletion and related water quality concerns in identified project areas.

Scientifically sound information is made available in a cooperative effort by local, state and federal agencies. Input from interested parties and local water users are an integral component to the philosophy of this program. This input enables close interaction between government agencies and the public sector when making decisions at the local level. However, even with good interaction between agency staff and the public sector, trust, time, staff turnover and funding for programs initiated through the management strategies are primary concerns.

There are many benefits from taking a proactive approach to developing management strategies:

- Individuals are more likely to participate in voluntary, incentive-based approaches that address water issues.
- Fewer taxpayer dollars are spent on costly litigation to enact an intensive groundwater use control area, which typically results in harsh administrative action.
- Local taxpayers have a say in how an area can be protected from further degradation.

The program currently conducts roughly 4,000 water level measurements and 350 to 500 streamflow measurements annually. In addition, about 40 public meetings are held annually to address water issues and to develop management strategies for specific areas. These

The Subbasin Water Resource Management budget for fiscal year 2004 was $822,128. It is funded entirely by State Water Plan special revenue funds.

The program had 10.69 unclassified, temporary employees in fiscal year 2004.

numbers vary marginally when projects enter into implementation (measurements and meetings are reduced to target priority areas) and when new areas enter the program (measurements and meetings increase to determine priority areas and to develop management strategies).

Irrigation surveys are conducted to determine the percent of irrigation efficiency, the agricultural and water conservation practices implemented, and the level of participation in conservation programs offered by the state in target areas.

The program currently hosts a website — www.KSDA.gov — that provides information on data collection activities, water use, project-specific reports, related links, meeting dates and minutes, and contact information for interested parties in targeted areas.

Changes made during fiscal year 2004 include implementation of management strategies, expanding the amount of data available on the web, and merging water level data with the Kansas Geological Survey to enhance a water level measurement program. In addition, the program has been working with the Kansas Geological Survey to conduct stream-aquifer interaction studies, phreatophyte investigation, and groundwater modeling in the Middle Arkansas River subbasin.

Significant changes coming in fiscal year 2005 include implementation of the Ogallala protocol in areas outside of groundwater management districts, implementing Pawnee-Buckner and middle Arkansas River management strategies, constructing a groundwater model in the middle Arkansas River in cooperation with the Kansas Water Office and Kansas Geological Survey, and conducting the four-year review of the Rattlesnake Creek management plan. In addition, each year we prepare a field analysis for each project area and provide a report on the status of all program areas.

Plant Protection and Weed Control

The goal of the Plant Protection and Weed Control program is to ensure the health and protection of the state's natural and cultivated plant resources from high-risk invasive insects, plant diseases and weeds.

Plant pests may enter the state through three primary pathways:

- Unintentional means, such as natural movement of the pest through its own migratory activity, or moved by natural means such as wind or water.
- Unintentional means as hitchhikers on plants and plant products moving into the state for commercial purposes.
- Intentional introduction to cause harm, such as bioterrorism.

Safeguarding. Program staff conduct activities to protect Kansas plant resources from the entry and establishment of high-risk exotic and invasive pests. Staff have identified more than 200 exotic organisms that could harm the Kansas environment and economy. Excluding pests of regulatory significance will protect native and cultivated plant resources and maintain the capability to export Kansas-produced plant commodities and products. Detection surveys for exotic, invasive pests such as ramorum blight, gypsy moth, emerald ash borer, Asian longhorned beetle, boll weevil and Grecian foxglove are conducted annually. Pest exclusion activities also benefit the Kansas environment by avoiding additional pesticide use to control new pests.

Program staff continue to work with federal and state partners on various homeland security initiatives to protect the nation's plant resources from exotic, invasive plant pests. Current efforts are focused on increasing the program's infrastructure to allow for more rapid communication and response capabilities. For example, a distance diagnostic system was installed during 2004 that will enable program staff to allow experts from other parts of the country and world to view plant pests under a microscope at the program plant pest clinic in Topeka.

Export Commodity Assurance. Program staff conduct activities to ensure that the pest-freedom requirements placed on Kansas-produced commodities by other states and foreign countries are met, which helps ensure expeditious movement of those commodities in international and domestic markets. Surveys and inspections for pests of concern to buyers of Kansas-produced commodities are conducted to ensure these commodities are eligible to enter the marketplace. Some of these pests include several bunts and smut diseases of wheat, Stewart's bacterial wilt of corn, sorghum downy mildew, various pests of nursery and ornamental plants, and a number of stored grain pests. Information gathered during surveys for established pests also is useful to persons engaged in pest management activities.

Program staff have expanded their ability to certify Kansas-produced products through a memorandum of understanding with the North American Weed Management Association to inspect and certify

The Plant Protection and Weed Control budget for fiscal year 2004 was $891,903. 72 percent came from the state general fund, 15 percent came from fees, 10 percent came from federal funds and 3 percent came from contract fees.

The program had 11 full-time employees in fiscal year 2004.

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Environmental Protection Programs

forage and mulch materials used on lands requiring this type of forage or mulch. Staff work with producers to ensure the forage or mulch they provide to their customers meets regionally established weed-free standards. Demand for inspection services increased greatly in 2003. Fires in western states continue to generate demand for weed-free mulch materials as burned areas are reseeded.

Pest Management, Control and Eradication. Program staff conduct activities to manage, control, or eradicate selected pests of regulatory significance already established in the state and provide technical expertise to program cooperators involved in pest control. Program staff successfully completed an eradication of the imported fire ant in Lawrence during 2004. Other eradication efforts include pine pitch moth in parts of northwest Kansas and Grecian foxglove in southeast Kansas. Examples of current biological control efforts include Japanese beetle, purple loosestrife, and several noxious weeds, including musk thistle and Canada thistle. Biological controls benefit the environment by reducing the reliance on and use of pesticides.

Staff continue to make progress on the eradication of Grecian foxglove from an area in Wilson County. The size of the infested area has been reduced to two to three acres from the original infestation of about 20 acres in the mid-1990s. A state quarantine prohibiting the sale of this toxic plant was enacted so new infestations did not become established and threaten the state's livestock industry.

Staff continue to monitor the expansion of purple loosestrife in the state. A few infestations of the wild type of this highly invasive plant are established in central and eastern Kansas and threaten wetlands in those areas. The horticultural varieties of this plant have been popular with landscapers and the nursery industry. However, a quarantine was enacted to remove this invasive plant from commercial sale beginning January 1, 2003. Staff also released biological control insects in parts of northeast Kansas to evaluate their use as a control agent in other parts of the state.

To meet the needs of the state's nursery, greenhouse, grain and forage industries, staff conduct many types of pest surveillance activities and inspections each year. These are performed at sites such as nursery production fields, garden centers, landscape and ornamental plant retailers, grain elevators, and grain, seed and forage production fields. These activities include:

Number of sites surveyed for exotic invasive pests	1,684
Number of exotic pests found	15
Number of sites surveyed for pests of export significance	2,534
Number of Kansas-produced commodities certified for export	31
Number of foreign countries importing Kansas-produced commodities	59
Number of rejection notices issued for infested out-of-state live plants	32

The program also serves as the lead agency in Kansas for the cooperative agriculture pest survey by USDA's Animal and Plant Health Inspection Service. The survey program is designed to collect and share

plant pest survey and detection data with USDA and other states. It also serves to facilitate information sharing and building an infrastructure in each state. The program database is a national repository for plant pest detection data collected through the cooperative agriculture pest survey program and other program cooperators.

In early November, USDA announced that Asian soybean rust was found in soybean plots associated with a Louisiana State University research farm. The disease was subsequently found in Alabama, Arkansas, Florida, Georgia, Mississippi, Missouri, South Carolina and Tennessee.

We monitored soybean crops in 12 Kansas counties last year, and we will increase our monitoring in 2005. We also expect to participate in a national soybean rust detection survey in partnership with USDA's Animal and Plant Health Inspection Service.

Soybean rust can be caused by two fungal species. The Asian species, *Phakopsora pachyrhizi*, is more aggressive and causes more damage to soybean plants. USDA said the discovery likely won't impact soybean exports, since most exporting countries with which American farmers compete already have the disease. A USDA economist did say that treatments to control the disease could increase soybean production costs by up to $25 an acre. Fungicide treatments can help manage the disease and reduce yield losses, which can range from 10 percent to 80 percent, depending on the severity of the infection.

Pesticide and Fertilizer

The Pesticide and Fertilizer program is responsible for enforcing Kansas statutes and regulations that govern:

- pesticide registration, storage, and use;
- fertilizer registration and storage;
- use of byproducts from confined swine feeding operations.

In general, we make sure that only approved pesticides and fertilizers are offered for sale or use in Kansas; that they are safely stored so they do not harm people or the environment; that all pesticides are used safely and according to label directions; and that soil nutrient levels are not exceeded when swine waste is applied to fields.

The 2002 Kansas Legislature passed Senate Bill 438, which modified fees associated with this program. The fertilizer tonnage assessment remained the same, but the program's share of the $1.67 fertilizer tonnage fee was modified so that $.05 per ton is credited to the newly created Fertilizer and Pesticide Compliance and Administration Fund. Receipts going to the Fertilizer Fee Fund were correspondingly reduced to $.18 per ton, leaving the $.23 per ton going to the program unchanged.

The Fertilizer and Pesticide Compliance and Administration Fund provides needed flexibility to move from a program with separate pesticide and fertilizer activities and staff to a unified program with staff integrated

The Pesticide and Fertilizer budget for fiscal year 2004 was $1,610,193. 5 percent came from the state general fund, 57 percent came from fees and 38 percent came from federal grants and funds.

The program had 27 full-time employees in fiscal year 2004.

into all program activities. Senate Bill 438 also increased fee receipts to the program's five remaining fee funds. These funds will allow the program to increase its presence in the regulated community and to increase compliance assistance and enforcement activity. The fee changes created by Senate Bill 438 will expire June 30, 2010.

During fiscal year 2004, the Pesticide and Fertilizer program:

- Registered 10,324 pesticide products;
- Licensed 1,550 pesticide businesses;
- Certified 17,401 private and 5,865 commercial pesticide applicators;
- Registered 1,134 pest control technicians;
- Registered 1,817 pesticide dealers;
- Registered 211 government agencies to use pesticides;
- Investigated 184 reports of pesticide misuse;
- Administered 1,353 pesticide applicator certification tests at 69 locations statewide;
- Issued 886 chemigation permits for 5,716 wells used to apply pesticides, fertilizers or other chemicals, or animal waste, through irrigation equipment;
- Certified 1,512 chemigation equipment operators;
- Registered 2,977 fertilizer products from 319 companies;
- Registered 97 agricultural lime production locations;
- Registered 12 soil amendments;
- Performed equipment and safety inspections agricultural anhydrous ammonia facilities;
- Reviewed plans for pesticide and fertilizer secondary containment facilities;
- Reviewed swine nutrient management plans;
- Monitored nutrient levels in 480 fields associated with nutrient management plans;
- Provided special training and outreach assistance to facilitate compliance with the law;
- Performed monitoring inspections across all areas of responsibility to ensure compliance with the law;
- Took enforcement actions proportionate to the number of violations.

Under a cooperative agreement with the Environmental Protection Agency, Kansas is responsible for enforcing the Federal Insecticide, Fungicide and Rodenticide Act. This grant allows us to leverage our state pesticide program dollars for a program well above the state investment.

Other grant responsibilities include providing technical support to anhydrous ammonia facilities to help them with their Risk Management Plan reporting responsibilities and providing outreach to private certified applicators to help them with the record keeping requirements associated with the application of restricted-use pesticides.

Program staff also provides anhydrous ammonia safety training in conjunction with sponsoring associations. Facility personnel, first responders and local law enforcement attend this training.

We also actively participate in discussions with the Environmental Protection Agency on routine pesticide registration reviews and coordinates special local-need registrations, or emergency exemptions, to meet producer needs.

Awareness and educational information, furnished by The Fertilizer Institute, is being distribute to fertilizer facilities to serve as a reminder that all ammonium nitrate shipments and sales should be verified to ensure it is being used for its intended propose and not for illegal activities.

The program, in conjunction with the Kansas Department of Health and Environment, conducts the annual swine facility operator certification schools. We also work with USDA-NRCS to coordinate USDA's comprehensive nutrient management planning efforts with the existing Kansas nutrient management program and with KSU on a variety of swine and livestock waste environmental education issues.

This program is actively involved with issues associated with endangered species, protected habitats and water quality. For example, a cooperative effort will be undertaken this year with Nebraska to wrap up sampling and analysis needed to map the atrazine levels in the Big Blue River basin.

Our plan for commercial pesticide applicator recertification training has been approved by EPA for a credit unit based system. These requirements are category-specific to allow applicators more flexibility in training options and to relieve them of the need to attend irrelevant training. We work closely with Kansas State University and the Environmental Protection Agency to provide pesticide applicator training.

Some crops are extremely sensitive to certain types of pesticides (grapes, cotton, tomatoes, and fruit and nut trees), so we collaborated with K-State Research and Extension and the Kansas Rural Center to develop the Project Good Neighbor program. One of our contributions to this project was to establish a web-based registry where growers can make their crop locations known. We encourage applicators to review the registry so they know where extra care should be taken to avoid damaging these crops.

To supplement the sensitive crop registry, we designed metal signs to designate sensitive crop locations. These signs will remind applicators to use extra caution when applying chemicals near these crops to minimize the risk of damage. We also include sensitive crop information in our applicator training programs and workshops throughout the state.

We helped form a team of experts from Kansas State University, the Kansas Grape Growers and Winemakers Association, and the Department of Agriculture, to visit vineyards where pesticide damage was suspected to observe the damage and provide assistance.

In early November, USDA announced that Asian soybean rust was found in soybean plots associated with a Louisiana State University research farm. The disease was subsequently found in Alabama,

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Environmental Protection Programs

The Agricultural Laboratory budget for fiscal year 2004 was $1,007,932. 24 percent came from the state general fund, 70 percent came from fees and 6 percent came from federal funds.

The program had 17 full-time employees in fiscal year 2004.

Arkansas, Florida, Georgia, Mississippi, Missouri, South Carolina and Tennessee.

We had been anticipating the arrival of Asian soybean rust in North America, so we asked EPA to approve registering certain fungicides for use in Kansas. In September they approved five products. Fungicide treatments can help manage the disease and reduce yield losses, which can range from 10 percent to 80 percent, depending on the severity of the infection. A USDA economist has said that treatments to control the disease could increase soybean production costs by up to $25 an acre. Since the disease is readily spread by wind, its management hinges on early detection and judicious use of fungicides.

Agricultural Laboratory

Unlike most Kansas Department of Agriculture programs, the Agricultural Laboratory does not serve the public directly. No samples brought in by the general public are accepted. Instead, our customers are the regulatory programs within KDA. The lab analyzes samples submitted by other programs and provides credible, legally defensible results. While most inspections conducted by KDA do not end up in court, those that do often rely on the analytical results issued by the Agricultural Laboratory.

The Agricultural Laboratory analyzed nearly 7,400 samples during fiscal year 2004. These samples included milk, dairy products, feed, fertilizer, meat and pesticides (including soil, vegetation and water samples). Occasionally a priority sample that may affect human health or the environment is rushed to the pesticide laboratory for analysis. These samples may be soil, vegetation, water, or even an article of clothing, and they are part of an investigation involving pesticide misuse. The results of the analysis may determine if water is safe to drink, or if medical treatment is necessary for someone who may have been exposed to a pesticide. The regulatory actions taken by the Pesticide and Fertilizer program often rely on the results reported by the laboratory.

The success of the Agricultural Laboratory is due to the expertise of its staff and its precision instrumentation. The lab staff cannot support the regulatory programs without proper instrumentation. During the last two fiscal years, EPA has provided funds to purchase new and more sensitive instruments in the pesticide laboratory. Other sections of the laboratory have also received new instruments to replace old or obsolete equipment. These new instruments allow lab staff to provide better service to the regulatory programs.

Agricultural Statistics Service

The original powers and duties granted to the State Board of Agriculture in 1872 included biennial reporting on the status of agriculture. These duties were expanded to include statistical reporting in 1917. In 1924, a cooperative agreement was forged with the U.S. Department of Agriculture to ensure coordination of statistical reporting. As part of the agreement, the statistics division is also the state statistical office of the National Agricultural Statistics Service of the U.S. Department of Agriculture. This joint office is known as the Kansas Agricultural Statistics Service. By sharing resources with the National Agricultural Statistics Service, the statistics program is able to better serve the data needs of the Kansas agricultural community. A statistics fee fund allows KASS to serve the agricultural data needs of other public agencies.

KASS provides a wide array of agricultural data, much at the agricultural statistics district and county levels, including crop and livestock production data. Some reports, like the crop report and cattle-on-feed report, are available monthly. Others, like the hog and pig reports, are available quarterly. Cattle and sheep inventory reports are available biannually. A crop weather report is available weekly from March through November to track crop progress and condition. These reports are financed primarily by federal funds. All reports are available online at www.nass.usda.gov/ks/.

KASS provides various public agencies access to the division's statistical expertise and data collection resources to perform special surveys that are beneficial to Kansas agriculture. Several reports are funded by the Kansas Department of Agriculture or other Kansas government agencies.

The *Custom Rates* data series is a guide for providers and users of custom services to evaluate fair compensation for custom work performed. Data are collected from users and providers of custom services. The *Custom Rates* publication is available only on the Internet at www.nass.usda.gov/ks/. *Custom Rates* data are funded by KDA.

The *Bluestem Pasture Survey* that provided landowners and cattle producers in the important Flint Hills grazing area a way to evaluate grazing lease rates will not be available in 2005 because of funding reductions. The *Bluestem Pasture Survey* was funded by KDA.

The *Wheat Varieties Survey* is essential to both public and private wheat breeding programs. It takes many years to develop a new variety. The *Wheat Varieties Survey* allows wheat breeders to monitor acceptance of existing varieties and to assess the need for new ones. Seed dealers use the survey to ensure adequate supplies of planting seed. Data are available in hard copy and on the Internet at www.nass.usda.gov/ks/. The *Wheat Varieties Survey* is funded by the Kansas Wheat Commission through the statistics fee fund.

The *Wheat Quality Reports* are funded by the Kansas Wheat Commission through the statistics fee fund. The reports include an

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Administrative Services and Support

The Kansas Agricultural Statistics Service is a collaborate federal-state program. The state portion of the KASS budget for fiscal year 2004 was $347,765. 72 percent came from the state general fund, 24 percent came from fees and 4 percent came from federal funds.

The program had six full-time employees in fiscal year 2004.

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Administrative Services and Support

analysis of the quality of the current year's crop as measured by the inspection certificates issued by the Kansas Grain Inspection Service Inc. Weekly press releases on wheat quality begin as harvest gets into full swing and continue into August. A *Wheat Quality Bulletin* is available on the Internet in early September covering the current year's crop, followed by December and May press releases providing updates that include shipments for the rest of the year. The wheat quality press releases are available in hard copy and on the Internet. The *Wheat Quality Bulletin* is available only on the Internet at www.nass.usda.gov/ks/.

Agricultural land values at the agricultural statistics district level are a barometer of the health of the regional agricultural economy, which is important to producers, suppliers of inputs, financial institutions and others. The *Agricultural Land Values Survey* results are used by Kansas State University's department of agricultural economics to compute the use value of agricultural land as required by state statute. The results are available in hard copy and on the Internet at www.nass.usda.gov/ks/. Funding is provided by the Kansas Department of Revenue through the statistics fee fund.

The *Farm Facts Bulletin*, a summary of each year's statistics, is a historic record widely used by researchers, businesses interested in entering Kansas, suppliers of production inputs and services, and many others. The *Farm Facts* publication is available only on the Internet at www.nass.usda.gov/ks/.

Kansas Agricultural Statistics Service has a cooperative agreement with USDA's Agricultural Marketing Service to fund the collection of agricultural marketing data not funded by the federal service. The data include feeder cattle price data from sales at livestock auctions in Pratt and Salina. A state-funded market news reporter located at the USDA/AMS office in Dodge City collects and disseminates price data on hay and sunflower sales statewide. The market news reports funded by the state are available on the USDA/AMS website at www.ams.usda.gov and the KASS website at www.nass.usda.gov/ks/.

Records Center

The Records Center budget for fiscal year 2004 was $448,982. 38 percent came from the state general fund, 58 percent came from fees and 4 percent came from a federal grant.

The program had 10 full-time employees in fiscal year 2004.

The Records Center serves the customers of the Kansas Department of Agriculture by issuing all appropriate licenses, permits, registrations and certifications. We also maintain accurate records and provides data to field employees, or Kansas residents and organizations who request information through the Kansas Open Records Act. The Records Center serves the Pesticide and Fertilizer, ACAP, Weights and Measures, Dairy Inspection, Meat and Poultry Inspection, Grain Warehouse, and Plant Protection and Weed Control programs.

Applications for new licenses, permits, registrations and certifications are initiated in the Records Center. Likewise, all renewal notices are mailed from the Records Center. Once applications are received, the information is entered into the appropriate database and a license is printed and mailed. The goal of the Records Center is to process applications in an efficient and effective manner. Renewal applications are mailed one month prior to expiration. Most applications

are processed and licenses mailed within one week of receipt by the Records Center.

In the last year, the Records Center processed 18,200 new and renewal applications. We also processed 2,650 inspection fee reports.

All licensing programs have been converted to an Oracle database. This allows us to print all licenses in the same license format. It also allows us to generate letters for applications that do not meet the renewal criteria. We are able to generate renewals from the database, which eliminates the need to make copies of forms and print labels to mail renewals.

In October we added 5,500 licenses associated with our new food safety responsibilities. We also developed a food safety database in the Oracle system. We will send renewals for these licenses in November.

In November, we also began accepting online renewals for pesticide products. This is being done in cooperation with Kelly Registrations Systems. In the future we will add additional renewals to this program.

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Agricultural Highlights

2003 Agricultural Highlights

2003 was good to Kansas cattle and hog producers. Cattle prices for the last seven months of the year set record highs, while the January 1 inventory was up 5 percent from the previous year. December 1 hog inventory was at the highest level since 1983 and in April prices started an upward swing over year-ago levels. Kansas wheat farmers produced their third largest crop, while corn, sorghum and soybean production were below recent years. Farmland values remained virtually unchanged from last year.

Wheat production in Kansas was 480.0 million bushels, 77 percent above 2002's crop of 270.6 million bushels. This is the third largest crop on record, preceded by 1997 with 501.4 million bushels and 1998 with 494.4 million bushels. The yield, at 48 bushels per acre, was up 15 bushels from last year but one bushel below the record set in 1998. The acreage harvested for grain, at 10.0 million acres, was up 22 percent from 2002. The preliminary marketing year average price, at $3.15 per bushel, was down 26 cents from 2002 and generated a value of production of **$1.512 billion**, 64 percent above the year earlier. Kansas continued to retain its first place status as the number one wheat state in the nation.

Corn production was 300.0 million bushels, down 1 percent from 2002 and the smallest crop since 1993. The 2003 yield was estimated at 120 bushels per acre, four bushels above the previous year. Acreage harvested for grain, at 2.5 million, was down 4 percent from 2002. Corn harvested acreage was the lowest since 1996. This was the thirteenth year in a row that corn production exceeded sorghum production. Based on the preliminary 2003 marketing year average price, the value of production for the 2003 corn crop will be **$765.0 million**, 2 percent above the 2002 value.

Sorghum grain production in Kansas was 130.5 million bushels, down 3 percent from 2002's crop of 135.0 million bushels and the smallest crop since 1983. The yield averaged 45 bushels per acre, unchanged from the previous year. Harvested acreage for grain, at 2.9 million acres, was 3 percent below 2002. Sorghum harvested acreage was the lowest since 1993. The preliminary 2003 marketing year average price indicated a value of production of **$310.6 million**, 3 percent below 2002. In 2003, Kansas lost its title as the number one sorghum grain producing state to Texas.

Soybean production in Kansas was 57.0 million bushels, down 2 percent from the 2002's crop of 58.4 million bushels. Yield, at 23 bushels per acre, was unchanged from the year earlier. Acres harvested was 2.48 million acres, down 2 percent from 2002. Based on the preliminary marketing year average price, the value of production for the 2003 crop was **$433.5 million**, 35 percent above 2002.

All **hay** production totaled 7.00 million tons, up 1 percent from 2002. Acres harvested, at 3.25 million acres, was unchanged from the previous year. The all hay preliminary marketing year average price was $72.50 per ton, producing a farm value of **$469.2 million**, down 21

percent from 2002. Grazing and stock water supplies were generally adequate across the state for 2003.

All **cattle and calves** on Kansas farms and ranches on January 1, 2004, totaled 6.65 million head, up 5 percent from January 1, 2003. The 5.6 million head of cattle marketed during 2003 was down 2 percent from the year earlier. Fed cattle marketings in 2003 were 5.5 million head, virtually unchanged from the previous year. Monthly beef cattle prices were above the 2002 prices all year. Cash receipts from the sale of cattle were **$5.62 billion**, up 17 percent from 2002.

The December 1, 2003 **hog** inventory in Kansas was 1.65 million head, 8 percent above the previous year. This was the largest December 1 hog inventory since 1983. Total cash receipts from hogs were **$252 million**, up 10 percent from 2002.

Kansas' 2003 Rank in U.S. Agriculture

Crop or Livestock Item	Rank	% of U.S.
Wheat Flour Milled (34 million cwt)	1	8.7
Wheat Flour Milling Capacity (136,640 cwt)	1	9.7
All Wheat Produced (480 million bushels)	1	20.5
Sorghum Grain Produced (130 million bushels)	2	31.7
Sorghum Silage Produced (560,000 tons)	2	15.8
Cattle Slaughtered (8.9 million head)	2	20.4
Cropland (29 million acres)	2	6.8
Prime Farmland (23 million acres)	2	7.0
Cattle and Calves on Farms (6.6 million head)	2	7.0
Cattle and Calves on Grain Feed (2.4 million head)	2	18.0
Red Meat Production by Commercial Slaughter (5 billion pounds)	3	12.3
Land in Farms (47 million acres)	3	5.0
Commercial Grain Storage Capacity (890 million bushels)	3	10.5
Sunflowers Produced (205 million pounds)	3	7.7
Cash Receipts from Farm Marketings ($9 billion)	5	4.3
All Hay Produced (7 million tons)	6	4.5
Exports of Farm Products, FY 2003 ($2.9 billion)	6	5.3
Irrigated Acres (2.6 million)	6	4.8
Alfalfa Hay Produced (3 million tons)	8	4.5
Hogs on Farms (1.6 million head)	9	2.7
Corn Grain Produced (300 million bushels)	10	3.0
Oats Produced (4.5 million bushels)	10	3.1
Soybeans Produced (57 million bushels)	11	2.4
Corn Silage Produced (3 million tons)	12	2.9
Dry Edible Beans Produced (231,000 cwt)	13	1.0
Cotton Produced (89,500 bales)	16	0.5
All Sheep and Lambs on Farms (100,00 head)	17	1.6
Potatoes Produced, Summer (1 million cwt)	19	0.2
Barley Produced (456,000 bushels)	23	0.2

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